



School Administrators Association of New York State

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## Retirement Health Insurance Emergency

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**If the contract you retired under does not state your health insurance is for life at a fixed rate, you may not have the benefit you think you have.**

In a case decided this year by the New York Court of Appeals, entitled *Donohoe v. Cuomo*, the State's highest court has stated for the first time what SAANYS has been preaching for years, spell out exactly what your retirement health insurance benefit consists of, including that its "for life" and fixed the plan, rate of premium cost sharing, co-payments, Medicare Part B reimbursement, etc. Unfortunately, some contracts lack this necessary clarity. Meaning that retirees are vulnerable to having their health insurance plan changed in retirement, contributing more toward the retirement health insurance premiums, or being forced to pay higher co-pays for office visits or drugs.

If you have read this far, pull out your contract and read the retirement health insurance provision, if you have it. Does the contract identify the health insurance plan that retirees will be enrolled in? Does the contract fix the retirees contribution toward the premium cost of health insurance in retirement? Does the contract language articulate what the retiree will be responsible to pay as it relates to deductibles, out-of-pocket expenses, co-payments, and for prescriptions (tiers as well as amounts of co-pays)? Does the retirement health insurance provision provide for Medicare Part B or D reimbursement? If not, you are vulnerable! Like all retired State CSEA Local 1000 employees who retired from State service after January 1, 1983 in *Donohoe v. Cuomo*, your retirement health insurance benefit may be unilaterally changed by your employing community college, school district, or BOCES in tough economic times, which are unfortunately fast approaching again.

As background, in *Donohoe v. Cuomo*, and ten other similar lawsuits filed on behalf of other retired State employees, CSEA Local 1000 members had inferior contract language that did not provide a duration for the retirement health insurance benefit. The language merely stated that "[e]mployees covered by [[NYSHIP] have the right to retain health insurance after retirement upon completion of [10] years of service." The contract was silent as to how long the benefit lasted. The State's highest court rejected a presumption that the benefit was "for the life of retiree" since the contract did not state so. The court further held it was equally plausible the benefit only lasted until the expiration of that contract. Hence, the affected retirees, in essence, had no guaranteed retirement health insurance benefit.

In *Donohoe v. Cuomo*, the court further held that the retirees were powerless when the State, through a regulatory act, increased their premium cost sharing amount by 2% for individual and family health insurance coverage in retirement. The court noted that the CSEA contract lacked any expressed language that fixed the retirees' rate of contribution in retirement.

What to do now? If your contract language regarding retirement health insurance is vague, contact SAANYS. The labor relations specialists and lawyers at SAANYS are specially trained on how to improve retirement health insurance language. Also, if you are simply unsure what your retirement health insurance coverage says, also call SAANYS to review the language. Chances are if you do not understand what it states, the language is unclear. The most important thing NOT to do is to sit around and wait for your employer (or former

employer) to unilaterally change your retirement health insurance benefit. It is not a question of “if,” it’s only a question of “when.”

Consistently, SAANYS is engaged in litigation attempting to preserve its members and retired members hard earned retirement health insurance benefit. However, understand the likelihood of success is always measured by the clarity of the health insurance in retirement language. The clearer the language the greater likelihood of winning the case when the employer changes the benefit.

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